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JAMES E. DERDERIAN, CHIEF OF STAFF

Statement of the Honorable Dan Schaefer
Subcommittee on Energy and Power
Richmond Field Hearing on Electric Customer Choice
April, 18, 1997

I would like to welcome everyone to the second in a series of field hearings on the question of how best to give consumers the right to choose their own power company.

On Monday we traveled to Atlanta to hear from consumers and power producers about customer choice. The response was overwhelming: consumers were clear. They want to choose their power company and they want to be able to choose it now. Consumers don't want to be captive to the current monopoly system while State legislators and regulators and their utilities argue for years about things like stranded costs. Small consumers said they aren't afraid of being confronted with multiple offers for their business. Small consumers said they do not need the government to tell them what is best for them.

Today, I expect that though the faces will have changed, many of the concerns will be the same. Residential and small consumers will be worried about being stranded while their utilities give discounts to large customers. Utilities will be worried about stranded costs. State regulators will be worried about turf.

I also predict that the most popular phrase today among most utilities will be a call to "get it right." I agree. As we introduce competition, we too want to "get it right. In the 104th Congress this Subcommittee held eleven hearings with nearly 100 witnesses on the topic of electricity. We are traveling across the country to hear from even more witnesses about customer choice. But unlike most utilities, I don't think "getting it right" means going slow or shifting our responsibility to protect interstate commerce onto someone else.

Four years ago when the Subcommittee on Energy and Power was considering wholesale competition, the Virginia State Corporation Commission expressed reservations about whether it was the right thing to do. In fact, in a letter to Chairman Bliley, the Commission advised "that members of the House and Senate ought to seriously question the dogma that wholesale competition holds

such merit and is so badly needed as to justify preemptive federal regulation of intrastate transmission line matters.” Congress did not heed that advice four years ago. The result: since 1992 wholesale electricity prices have declined and Americans have saved billions of dollars.

Today, I am going to ask every witness to respond to the same question when should all consumers be given a choice in electricity providers. I hope people can answer me with a particular year rather than an explanation of why its complicated. I look forward to hearing testimony of all the witnesses and their answer to that question and many others.

Thank you.